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## ADDENDUM

Since this paper was written the provincial power commission has passed the crisis of its conflict with the private power companies. After informal conferences, renewed from time to time during several years, but always apparently futile, the controlling minds of the affiliated companies referred to, at last became convinced that, when the day of purchase or expropriation arrived, whatever value might be placed on the plant and equipment of the generating stations, transmission lines, and equipment of the city and suburban railway systems of Toronto, no private right to own the water itself would be recognized by public opinion. This became evident from the exigencies of the power famine of the latter half of 1920, when power and lighting services had to be curtailed and factories deprived of power, in turn, over nearly the whole area served by the Commission. While all of southwestern Ontario was thus in distress for power, the company had a surplus of 5,000 horse-power which it could devote to the public relief, but, though payment was offered on terms to be left to arbitration, the company would not respond to the cry for relief.

It was known that the company was diverting more water at Niagara than its agreement called for, and to establish the public right to the surplus, an act had been passed at the last session of the legislature declaring any company's franchise forfeitable if it diverted more water or generated more power than was called for under its agreement. The power company pleaded that if it yielded to this demand it would commit *hara-kiri* with its own franchise. The premier, speaking for the government, promised full protection to the company in this matter, but still the company declined. Upon this the government announced that, whatever might be done by expropriation, public opinion would regard the water power itself as the right and property of the province, and that the public interest now required the use of all the power available.

Accepting public ownership of the water powers as the settled policy of the province, the group decided to yield the right of way to the Commission. The Commission in turn offered a lump sum of \$32,734,000, which, while more than the physical value of the plants, was deemed in the interests of the province, as it extinguished private ownership not only from the power-generating system at the Falls but from the transportation systems in and around Toronto, and it gave extra power enough to relieve the famine at once. By one stroke this "clean-up" deal puts an end to the long series of maneuvers by which private corporations sought to maintain their control of public services for private profit. For good or ill, it leaves the people free to give a fair test of the opposite policy of operating public utilities with the sole aim of giving service at cost. Moreover, a vote was taken in Toronto in January of this year on the question of acquiring the street railway and suburban lines now under the control of this group, and the "clean-up" was indorsed

by a majority of 25 to 1 of the qualified taxpayers. This verdict anticipates the findings of the investigating commission now sitting on the Commission's electric railway plans. The granting of this investigation was largely inspired by the desire to advance with caution, but the achieved results of the Hydro Commission are reassuring. In the face of the advancing costs of materials, supplies, and labor through 1918 and 1919, about 40 municipalities were able to reduce their rates of service in 1919 and 1920, and many of them have their plants free of debt. The consumers in the Commission's systems now number 216,000, the population served being 1,750,000, or about half the population of the province. While not a dollar of direct taxation has been imposed on the municipalities by reason of the Commission's enterprises, the municipalities have together saved an aggregate of \$50,000,000 in the cost of their power and lighting, the reduction in the coal bill now amounting to 2,000,000 tons a year. Put in another light, the average rates paid by the Commission's constituents are stated to be less than half the average rates paid by consumers under private companies. Viewed from either the point of economy of cost or that of efficiency of operation, the people most concerned are now convinced that the Commission has not failed in comparison with private utility corporations.

Two deductions may be drawn from the evolution of this Commission. One is that, in the new school of thought which has grown up, the natural resources of the earth, such as the water powers, are not to be reckoned as an element of good-will in the valuation of a company's property. The other is that, since one generation should not be permitted to legislate away the liberties and rights of another generation, the theory and practice of the "perpetual franchise" should be abandoned.

E. B. B.